



RealTime IT News

**TV: the Next Portal War**

By Erin Joyce

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The confluence of cable companies accelerating their roll-out of digital video and the growing influence that PCs are having as entertainment hubs in the consumer electronics world has created a familiar-looking land grab heating up in the software sector.

This time, the inspiration for the burgeoning sequel to the Portal Wars are Interactive Programming Guides (IPGs), the complementary content service accompanying digital video delivery that is really just an evolution of the more static Electronic Program Guides (EPGs) that now fill viewers' screens with lists of what's on.

Analysts say as IPGs become more sophisticated, they are growing in importance as the critical "real estate" where viewers park their eyes before jaunting off to their 200-plus channel digital cable universe.

"The new generation of EPGs -- IPGs -- will help consumers find all of their multimedia content, whether it comes from a broadcast channel, an on-demand service, their Personal Video Recorder (PVR), or even music, photo image files or video clips from their PC," Gerry Kaufhold, principal analyst with In-Stat/MDR, told *internetnews.com*.

Industry players and analysts alike agree that the evolution of the guides, which (as the name implies) are dynamic, intuitive and even capable of serving up targeted ads, has a similar theme to the land grab that gave rise to the storied portal battles from the dot-com boom of the mid-1990s, starring Alta Vista, Yahoo!, Netscape and Microsoft.

And like the browser wars of the 1990s, Microsoft is moving to gain a strong position in the emerging IPG space, alongside perennial long-time player Gemstar-TV Guide, which still holds many patents on earlier forms of EPGs. In fact, earlier this week, Microsoft engaged two companies overseas (Nikkan Hensyu Center Co. Ltd. in Japan and Broadcasting Dataservices Ltd. in Europe) in order to provide the necessary content so it could accelerate the roll-out of its Windows XP Media Center Edition to other parts of the world.

Just like the browser, IPGs are becoming a necessity. Without an interactive programming guide as the user interface, consumers won't get much use out of digital video. And as momentum builds in the background for home networking, the emergence of a digital hub relies on a simpler user interface, said Vamsi Sistla, a senior analyst with tech research firm ABI.

IPGs are creating expanding market opportunities for technology and software companies alike, In-Stat/MDR said. Unlike free browsers, IPGs take in tidy monthly service fees from cable operators for each set top box that runs their software, which includes more than 85 million digital boxes already in use worldwide, said Kaufhold. Typically, cable operators take in about 75 cents per IPG deployed on the set-top box, he said.

Digital cable companies such as Time Warner Cable and Comcast, in the midst of major rollouts of video-on-demand and new interactive features on digital cable systems, are now testing Microsoft's new IPG software with "managed content services" that include more enhanced search terms for programming and new interactive data served up alongside the programming.

The trials of the IPG software features include pay-per-view (PPV) functions, video-on-demand (VOD) listings and other services in one integrated platform, using Motorola DCT2000 set-tops.

You could say Microsoft's IPG software platform does serve as a portal of sorts, said Ed Graczyk, marketing manager for Microsoft TV.

"It's much faster, there are fewer presses of the remote control," he said of the new platform, which was built on Microsoft's .NET platform.

"There are lots of things people would love to do with their TV, that cable companies would love to offer such as news, weather, even teletext, lottery, travel," he said.

"In addition, from the cable operator's perspective, they want to be able to extend their brand to their consumer." With the Microsoft TV IPG platform, the cable operator has a new information channel environment, with menu items and options to delve farther into categories while providing promotional help, even sending more targeted ads to the viewer, he said.

"The Microsoft TV IPG can be run in less than a megabyte, so it can work in today's digital cable set top boxes," Kaufhold wrote in a recently published 96-page report on the EPG Sector ("Electronic Program Guides: 'Navigating' Through a Changing Market"). "This means that the Microsoft IPG can be widely deployed by a pay-TV system operator, using their current model of set top box."

In addition, Microsoft deploys a "carousel" approach to the content that is continually streamed in a preset sequence. Such a system can feed interactive "content" such as weather updates, sports scores and news "crawls," that become available whenever the end user clicks on a special part of the remote control, the report said.

*As was the case in the Browser Wars, Microsoft has shown its might. But will it also likely prevail in the new arena of IPGs? Find out more on [Page 2](#).*

#### **Will Microsoft Prevail?**

Perhaps taking a page from Gemstar-TV Guide's own script, which (until it recently lost a spate of court rulings about its own EPG patents) has been legendary for aggressively enforcing its own EPG patents, Microsoft in May was awarded a patent for its own video-on-demand software.

The Redmond, Wash.-based software giant is not alone in seeking out patents in VOD and IPGs. Tribune Media Services (TMS), a division of Chicago publishing and media company Tribune Company staked out some more IPG turf with the purchase of an IPG patent portfolio from iSurfTV.

Financial terms were not disclosed in the acquisition, which buys Tribune Media Services new IPG patents to complement its passive electronic programming guide applications for its monthly and weekly cable, satellite and Sunday newspaper magazine print guides.

The patent portfolio includes nine U.S. patents and 83 pending patent applications in the U.S., as well as 20 international applications and covers functionality related to personal video recorders, three dimensional displays, t-commerce and other technology central to the development of interactive television navigation products, the company said.

You could almost compare Gemstar-TV Guide's first EPG patents to the early days of Mosaic, largely accepted as the first Web browser before it became Netscape, In-Stat's Kaufhold said; But at that point, portal war comparisons to Microsoft's IPG stop, he added.

"I don't think anybody's going to dominate the IPG desktop like Microsoft dominates computers," he said.

That's because Gemstar-TV Guide is expected to continue to dominate the sector for years to come, thanks to long-term contracts with major cable providers.

In addition to long-term contracts in place with major cable TV and satellite service providers, Kaufhold noted the "strong marriage" that Gemstar-TV Guide has with parent company News Corp., which is also making moves in satellite driven set-top boxes.

Jim Brancheau, a vice president of media research at GartnerG2, the business strategy research division of Gartner, said the impact of Microsoft's entry into IPG's with its cable trials is unclear.

"That will only be felt after the trials, at which point almost all the cable operators are looking for more of an open systems approach to their cable head ends," Brancheau said. "They want to have choice with vendors. Right now, every MSO is locked in with either Scientific Atlanta or Motorola."

"No one wants to be at the mercy of single point of failure if one of these guys has a meltdown. It would severely damage the core business of an MSO," he said. But if the Microsoft trial is successful, then other operators are likely to engage in their quest to have open architecture, he added.

"I think what's changed is that Microsoft was considered a threat to cable three or four years ago. Now, they're being welcomed back, at least on a small level."

Indeed, the cable industry may be seeing 10 years of Microsoft's ongoing work and investments in interactive TV -- many of which didn't pan out -- starting to bear fruit.

Although Kaufhold is bullish on Microsoft's TV platform software, officials in the cable and VOD technology sectors alike are playing down Microsoft's latest entry, preferring instead to paint the software giant as one among a number of players in the developing IPG market.

In addition to Tribune Media Services, they are TV Gateway, which is developing a suite of IPG middleware, and Decision Mark, which provides free, over-the-air PVR capabilities. GemStar-TV Guide still has a major presence, Kaufhold added, but because of the recent legal challenges to its patents, "the market has been opened up a bit."

And because personal computers are already managing "personal content," Kaufhold believes that Microsoft TV's Foundation will need to be given serious consideration.

"But the reason IPG is shaping up to be such an important strategic battle is because a typical consumer is going to go through the program guide, which becomes the most visited channel in the system. So each time you go back, there's an educational and marketing opportunity," said Brancheau.

Kaufhold said Microsoft has one clear advantage in the market for IPGs: "very, very deep pockets" and a commitment to becoming a player, and providing enhanced software and services for two-way interactive TV services.

During the past five years, he added, it has continued to pursue R&D in this area and now they are beginning to "get" the market.